Monetary Times

Trade Review and Insurance Chronicle of Canada

Address: Corner Church and Court Streets, Toronto, Ontario, Canada.
Telephone: Main 7404, Branch Exchange connecting all departments.
Cable Address: "Montimes, Toronto."
Winnipeg Office: 1208 McArthur Building. Telephone Main 2663.
G. W. Goodall, Western Manager.

SUBSCRIPTION RATES

One Year	Six Months	Three Months	Single Copy
$3.00	**$1.75**	**$1.00**	**10 Cents**

ADVERTISING RATES UPON REQUEST.

The Monetary Times was established in 1867, the year of Confederation. It absorbed in 1869 The Intercolonial Journal of Commerce, of Montreal; in 1870, The Trade Review, of Montreal; and the Toronto Journal of Commerce.

The Monetary Times does not necessarily endorse the statements and opinions of its correspondents, nor does it hold itself responsible therefor.

The Monetary Times invites information from its readers to aid in excluding from its columns fraudulent and objectionable advertisements. All information will be treated confidentially.

SUBSCRIBERS PLEASE NOTE:

When changing your mailing instructions, be sure to state fully both your old and your new address.

All mailed papers are sent direct to Friday evening trains. Any subscriber who receives his paper late will confer a favor by complaining to the circulation department.

INCOME TAX

There is general approval of the income tax introduced in the House at Ottawa this week. The people have asked for such a tax, believing it fair and equitable. If adequate machinery is devised for its collection, Sir Thomas White's estimate that the probable revenue from the tax will be $15,000,000 or $20,000,000, will probably be exceeded. To learn successful collection methods, the government should turn to the United Kingdom rather than the United States.

The objections to the proposed tax raised in the House by Mr. E. M. Macdonald, deserve the consideration of the finance minister. Undoubtedly the tax as it stands will bear heavily on the men of moderate incomes. The average citizen with an income of $3,000 or $4,000, in these days especially, has about all he can do to finance the home, the family, increased property taxation, life, fire and accident insurance, mortgage payments, and so on. In face of the greatly increased living costs the smaller incomes have (without the tax) a very narrow margin between income and legitimate expenses, however thrifty and careful the wage-earner or salaried man may be. Mr. Macdonald also objected that there was not a sufficient differentiation between the unmarried and the married men in regard to the respective amounts they would have to contribute. The only differentiation is that the tax, with the unmarried men, starts with incomes of $2,000 a year, while with the married men it starts with $3,000 a year. Another point which deserves consideration in connection with the proposed tax is the matter of a deduction for life insurance premiums and government annuities. Citizens who are paying out part of their incomes in this way, thus relieving the State of possible responsibilities after death, deserve more consideration than those who are not making provision for the future of their family, and which means some sacrifice of income in the meantime. The deduction, from the federal tax, of all or a part of the municipal or provincial taxes, is another matter for consideration.

OUR NEXT WAR LOAN

In discussing the probable market for the next Canadian war loan, we may take it for granted that, if necessary, the loan can be raised and oversubscribed at home. It would not be an easy task; it would require hard work and great effort; but it could be done. Would it be more desirable, however, to have the United States assist with the financing of our fourth war loan, thus giving the Canadian market and investor a well-earned respite and for greater effort next spring? At present, opinions are divided. On the one hand is the contention that such financing in the United States would have two direct results. It would give immediate relief to our banks, and this, it is contended, is greatly needed at this time in view of the heavy balance of trade between Canada and the United States. We are buying largely in the United States and paying cash, at the same time we are selling to England and giving credit, thus rapidly using up our available working capital. Under normal conditions, Canada is the second best customer of the United States, and there is no reason why we should not be favored, at present, with a substantial loan, which would correct exchange, prevent gold exports and relieve the strain on our banks in taking care of our United States balances. Canada is not, at present, in a condition to float a fourth domestic loan. If a loan were attempted it would not meet with entire success, and would make more difficult any future domestic financing. We could not find a market for the fourth loan through the channels in which the previous loans were obtained. These in brief are the arguments of those who favor the United States for our next loan.

On the other hand, there is weighty opinion in favor of keeping our war debt at home, making our taxpayers our war bond holders also. The views of this group are somewhat as follows: Canada has existed mainly upon borrowed money for twenty-five years. Thoughtlessly the people of the Dominion have come to look upon money borrowed abroad as a gift or as manna from heaven instead of a liability. The moment our ability to borrow from foreign markets is suspended, our troubles commence. That is what is chiefly the matter with Canada to-day, according to the view of many authorities. The sooner we stop borrowing money abroad, the better, as we already have a vast debt per capita, seven or eight times as great as the public debt per capita of our neighbors across the line. Every day of our national life we must send $500,000 over the border to meet the interest on our indebtedness of $4,500,000,000 abroad. We are in the position of a young spendthrift who gaily continues to squander money so long as the mortgagee will lend. It is correct to assume that financing in the United States will afford relief to the situation, including the question of premium on New York funds, if the government can borrow money in the United States instead of in Canada, but it is only temporary relief and it increases our already heavy debt abroad. In addition, the economic situation is far from satisfactory and the outlook obscure.

Upon consideration of these opposing views, our decision must be made as to where we will market our fourth war loan, assuming the United States authorities are willing to assist. The consensus of opinion, however, seems to be in favor of a loan in the United States. Various opinions are printed elsewhere in this issue.

The above was written before the announcement yesterday of the proposed Canadian loan in the United States.